



OLR RESEARCH REPORT

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2012 COMMERCE BILLS REFERRED TO THE FINANCE, REVENUE AND BONDING COMMITTEE

By: John Rappa, Chief Analyst

You asked for summaries of the bills the Commerce Committee referred to the Finance, Revenue and Bonding Committee.

SB 121, AAC THE PROVISION OF DEVELOPMENT SERVICES TO REGIONAL ECONOMIC DEVELOPMENT DISTRICTS AND THE AUTHORITY TO PURSUE ECONOMIC DEVELOPMENT STRATEGIES

This bill authorizes federally-approved regional economic development districts to execute contracts, accept funds, and take other necessary steps to implement comprehensive economic development strategies. These districts are created under a law allowing regional planning organizations to propose such districts and prepare strategies to develop them. Connecticut has one district—the 15-town South Central Connecticut Regional Economic Development District.

The bill also allows the Department of Economic and Community Development (DECD) commissioner to provide grants to these districts for services, as well as for municipal development projects, as current law allows.

Effective Date: Upon passage

SB 144, AA EXPANDING THE STATE'S TAX INCREMENTAL FINANCING PROGRAMS

This bill expands the types of tax revenue municipalities can use to finance redevelopment, municipal development, brownfield remediation, and information technology projects. Current law allows a municipality to finance these projects by using the increase in property tax revenues they generate after they are completed to repay the bonds the Connecticut Development Authority (CDA) issued on the municipality's behalf. The law specifies the process for issuing these bonds and the method for calculating the incremental property tax revenue.

Under the bill, municipalities can also secure these CDA-issued bonds with the increase in sales and income tax revenues the completed projects generate. The requirement for backing the bonds with these taxes is the same for backing them with property taxes:

1. The municipality issuing the bonds must adopt a resolution authorizing CDA to issue bonds on its behalf.
2. The resolution and other proceedings authorizing CDA to issue the bonds must specify how the bonds will be repaid.
3. CDA's board of directors must agree to issue and sell the bonds.

Effective Date: July 1, 2012

SB 219, AAC THE NEIGHBORHOOD ASSISTANCE ACT

PA 11-140 amended one section of the Neighborhood Assistance Act (NAA) extending its tax credits to businesses liable for the \$250 business entity (i.e., S corporations, limited liability companies, limited liability partnerships, and limited partnerships), but did not correspondingly allow these businesses to apply the NAA credits against the business entity tax. This bill adds these businesses to the other sections of NAA necessary for accessing the credits.

Effective October 1, 2012

**sSB 122, AA AUTHORIZING BONDS OF THE STATE FOR THE
CONSTRUCTION OF A COMMUNITY AND RECREATIONAL FACILITY
IN NEW LONDON**

This bill authorizes \$23.15 millions in general obligation bonds for various projects, as shown in Table 1.

Table 1: Projects Authorized for Bond Funding under sSB 122

<i>Project</i>	<i>Bond Authorization</i>
West Haven transit-oriented development study (§ 1)	\$0.2 million
West Haven train station pedestrian improvements (§ 2)	0.5 million
Waterbury transit oriented development study (§ 3)	0.2 million
West Haven Center for the Arts (§ 4)	1.0 million
Constructing a community and recreational facility in New London (§ 5)	8.0 million
Constructing five new rehearsal spaces, dormitory cottages, dining facility, and additional theater at the Eugene O'Neill Theater Center in Waterford (§ 6)	8.0 million
Shubert Theater (New Haven) improvements and renovations (§ 7)	3.45 million
Spanish-American Merchant Association facility improvements (Hartford) (§ 8)	0.5 million
Shakespeare Theater (Stratford) improvements and renovations (§ 9)	1.0 million
West Haven Phase II streetscaping project (§ 10)	0.5 million
Total:	23.15 million

Effective Date: July 1, 2012

**HB 5040, AA AUTHORIZING BONDS OF THE STATE FOR TRAFFIC
CALMING AND ECONOMIC DEVELOPMENT IN WESTVILLE VILLAGE**

This bill authorizes \$415,000 in bonds for the Office of Policy and Management to provide a grant under the Main Street Investment Program for traffic calming improvements in the Westville Village of New Haven.

Effective Date: July 1, 2012

HB 5105 AAC THE JOB EXPANSION TAX CREDIT PROGRAM AND INDIVIDUALS RECEIVING CERTAIN SERVICES FROM THE DEPARTMENTS OF MENTAL HEALTH AND ADDICTION SERVICES AND DEVELOPMENTAL SERVICES

This bill extends the job expansion tax credits to businesses who hire a new employee (1) receiving services from the Department of Mental Health and Addiction Services or (2) participating in specified Department of Developmental Services programs. Under current law, a business qualifies for a three-year, \$900 per month credit if it hires someone who is:

1. receiving unemployment compensation benefits or has not had a full-time job since exhausting his or her unemployment benefits,
2. a current armed forces member or one who was honorably discharged or released from active service, or
3. receiving vocational rehabilitation services from the Bureau of Rehabilitative Services.

The minimum number of jobs a business must create to obtain a credit depends on the business' size. Businesses with 50 or fewer employees qualify for the credit if it creates at least one new job; those with 51 to 100 employees, qualify if they create at least five; and those with more than 100 employees, at least 10.

HB 5268, AA AUTHORIZING BONDS OF THE STATE FOR A GREENWAY PROJECT

This bill authorizes \$139,000 in bonds for DECD for a grant to Waterbury for a 7.1 mile greenway project along the Naugatuck River.

Effective Date: July 1, 2012

HB 5469, AA CONCERNING EQUALIZING COMMERCIAL MOTOR VEHICLE TAXES

This bill requires the state to levy the property tax on commercial motor vehicles and remit the revenue back to the municipalities according to the procedure it delineates. It also excludes taxes paid on these vehicles from the personal income tax credit on primary residences and motor vehicles.

Under current law, municipalities assess, levy, and collect taxes for this and other types of taxable real and personal property. The amount of tax an owner pays on a commercial motor vehicle is based on 70% of the vehicle's fair market value and the locally determined mill rate, which is uniform for all property. Vehicle owners pay the tax to the municipality where it is sited, as determined by the law's situs rules.

Under the bill, municipalities determine the vehicles values and the state assesses them at 100% of those values, not 70% as current law requires. The state taxes the vehicles based on those values according to a statewide mill rate, which equals the average of all municipal mill rates for the immediately preceding assessment year. The state collects the taxes and deposits the revenue in a special account established for repaying municipalities. Municipalities receive revenue from the account equal to the amount of taxes they would have collected based on their current mill rate and 70% of the vehicles fair market values.

Effective Date: October 1, 2012 and applicable to assessment years beginning on or after October 1, 2012, except that the provision excluding motor vehicle property taxes from the income tax credit takes effect October 1, 2012 and applicable to taxable years beginning on or after January 1, 2012.

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